

Message Text

SECRET

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-31 IGA-02 SS-15 L-03 NSC-05
CIAE-00 INR-07 NSAE-00 COME-00 EB-08 TRSE-00 SP-02
EA-07 IO-13 H-01 OMB-01 NEAE-00 /106 W
-----301811Z 057279 /53

P 301618Z MAR 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 3398

S E C R E T CAIRO 5434

DEPT ALSO PASS AID

EO 11652: GDS
TAGS: EAID, EG, US
SUBJ: GOE REQUEST FOR AID PARTICIPATION IN WIDENING AND DEEP-
ENING SUEZ CANAL

REF A 5372, B. CAIRO 5298,

1. REF A TRANSMITTED NOTE FROM FORNMIN FAHMY IN WHICH HE
REQUESTS AID SUPPORT FOR SUEZ CANAL DEEPENING AND WIDENING
PROJECT. REF B DESCRIBED DISCUSSION HELD WITH MIN OF ECONOMY,
ON INTER ALIA, THIS SUBJECT. MIN ECONOMY HAD INDICATED THAT
CANAL WIDENING/DEEPENING PROJECT WOULD BE RAISED DURING FORTH-
COMING SADAT VISIT. IN PROVIDING NOTE REQUESTING US FINANCING
FOR THE PROJECT, FAHMY STATED HIS DESIRE THAT A POSITIVE US
RESPONSE BE MADE TO THIS REQUEST DURING THE FORTHCOMING
SADAT VISIT.

2. PROJECT IS ONE WHICH IBRD IS SEEKING TO BRING TO A HEAD
AT THIS POINT. THIS IS FOR PHASE ONE OF CANAL WIDENING AND
DEEPENING AND DOES NOT INVOLVE MUCH MORE EXPENSIVE AND
EXTENSIVE PHASE TWO ACTIVITIES, WHICH WE UNDERSTAND GOE IS WILL-
ING TO DEFER FOR SOME TIME AS OF NOW. ACCORDING TO IBRD
STAFF MEMBER PAUL BLAY WHO RECENTLY VISITED HERE, TOTAL OF
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\$630 MILLION REQUIRED, ALTHOUGH THIS FIGURE INCLUDES SUB-
STANTIAL CONTINGENCY ITEMS AND MAY THEREFORE BE SOME
WHAT INFLATED. IF, FPT IF, JAPANESE SHOULD BE FORTHCOMING
WITH AN ADDITIONAL \$80 MILLION FOR SECOND TRANCHE OF DREDGING
NEEDS (JAPAN IS ALREADY INVOLVED IN A FIRST TRANCHE OF
DREDGING INVOLVING \$100 MILLION) AND IF IBRD COMMITS ITS
PLANNED \$80 MILLION, THERE WOULD STILL BE A FINANCING SHORT-

FALL OF \$80-100 MILLION. BLAY FEELS THIS GAP IS TOO LARGE FOR IBRD TO BE READY TO MAKE ITS COMMITMENT. HOWEVER, IF IT COULD BE REDUCED TO \$30-40 MILLION, IBRD WOULD BE PREPARED TO RELY ON GOE TO FIND OTHER IDENTIFIED FINANCING AND WOULD GO AHEAD WITH AUTHORIZING ITS \$80 MILLION PARTICIPATION. IT IS OBVIOUSLY IN CONJUNCTION WITH THIS NEED THAT BOTH MIN ECONOMY AND MIN FORNAFFAIRS ARE NOW PRESSING FOR A US COMMITMENT.

3. AS REPORT REF B, MIN OF ECONOMY HAS ALREADY PROVIDED A \$25 MILLION ALLOCATION OUT OF FY77 CIP PROGRAM FOR SUEZ CANAL AUTHORITY, AND HAS INDICATED TO US AN INTENTION TO DO THE SAME FROM ANY FY78 PROGRAM. WE HAVE NOT YET BEEN ABLE TO IDENTIFY SPECIFICALLY WHAT SCA WOULD USE THAT ALLOCATION FOR, BUT MUST ASSUME IT IS PRIMARILY FOR READILY PURCHASABLE EQUIPMENT WHICH IS DIRECTLY OR INDIRECTLY ASSOCIATED WITH OVERALL WIDENING/DREDGING PROGRAM.

4. UNDER CIRCUMSTANCES, IT IS PROBABLY DIFFICULT TO PROVIDE EGYPTIANS WITH PRECISE STATEMENT ON US SUPPORT FOR PROJECT. IN ANY EVENT IT IS PROBABLY TOO LATE AND NOT DESIRABLE TO TRY TO SEEK TO PROVIDE ANY US SUPPORT WHICH MIGHT BE FORTHCOMING WITHIN A PROJECT FRAMEWORK BUT RATHER TO USE THE CIP AS MIN OF ECONOMY IS ITSELF PROPOSING. HOWEVER, IT SHOULD BE POSSIBLE TO MAKE A STATEMENT IN WHICH USG ASSOCIATES ITSELF WITH THE IMPORTANCE OF THIS PROJECT FOR WORLD TRADE PURPOSES, NOTES WITH INTEREST THE SUBSTANTIAL FINANCIAL SUPPORT WHICH IT HAS ALREADY RECEIVED, AND INDICATES ITS WILLINGNESS TO PROVIDE FROM CURRENT AND FUTURE PROGRAMS REASONABLE SUPPORT WHICH CAN

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HELP TO ASSURE THAT TOTAL REQUIREMENTS ARE MET - RECOGNIZING THAT THIS WILL BE DONE PRIMARILY BY CIP CHANNEL.

5. WE WILL SEEK NEXT DAY OR TWO TO DETERMINE MORE PRECISELY WHAT SCA WOULD PLAN TO USE THE PROPOSED \$25 MILLION FY77 CIP ALLOCATION FOR, AND WHETHER THIS DOES IN FACT FIT WITHIN CONTEXT OF OVERALL WIDENING/DEEPENING PROGRAM AND WHETHER EQUIPMENT INVOLVED APPEARS APPROPRIATE FOR CIP INCLUSION.

EILTS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CANALS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO05434
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t1977038/aaaaagpb.tel
Line Count: 107
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Message ID: 48735ebb-c288-dd11-92da-001cc4696bcc
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TAGS: EAID, EG, US
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